

Expanding the Scope of USEITI

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Current Scope is Limited

Because of limited resources the MSG limited the initial scope of US EITI

- Oil, gas, and coal
- Non-hydropower renewables (wind, solar, geothermal)
- The three leading metal commodities (gold, copper, iron ore)

Current Scope is Limited

- The arrangement was never meant to be permanent
- The US resource base is among the most diverse in the world
- Current US EITI scope does not fully reflect this diversity
- Current US EITI scope is not completely representative of the US extractives sector
- Current US EITI scope does not fully represent either full federal revenues or the entire social impact of the sector

Proposed Plan

Four stages

- Additional metal commodities
- Inclusion of representative industrial minerals
- Inclusion of forestry
- Evaluation of whether or not to include hydropower

Proposed Plan – Stage 1

Additional metals

- Inclusion of molybdenum, zinc, lead, and silver
- Brings coverage from approximately 75% to about 93% of the metals sector
- Relatively few metal mines per commodity
- Zinc concentrate and lead concentrate generate federal revenue

Proposed Plan – Stage 1

Additional work required

- Inclusion of information about each of these commodities in the contextual narrative
- Several additional county narratives

Plan

- Include contextual information on the four additional commodities in the 2016 report
- Include county narratives on the four additional commodities in the 2017 report

Proposed Plan – Stage 2

Inclusion of representative industrial minerals

- Add crushed stone, construction sand and gravel, industrial sand and gravel, phosphate rock, clay, titanium mineral concentrates, potash, trona, and dimension stone
- Sand and gravel, crushed stone phosphate rock, clay, potash, and trona generate federal revenue
- Covers about 80% industrial minerals' economic impact
- The leading mineral commodity in the United States in 2014 is not gold (\$8.6 billion), it is crushed stone (\$12.8 billion)

Proposed Plan – Stage 2

Mining profile

- The mining profile of several commodities is similar to that of the metal commodities
- The mining profile of the other industrial minerals selected is pervasive
 - Crushed stone, construction sand and gravel, industrial sand and gravel, clay and dimension stone are mined in most of the 50 states at hundreds if not thousands of sites
 - The companies mining these commodities range from small mom-and-pop businesses to global multinationals
 - It is a universe of companies new to US EITI

Proposed Plan – Stage 2

Issues

- A new universe of companies and trade associations
- A complex mining footprint for at least half the commodities
- USGS data gathering for this half must be supplemented by careful estimates

Proposed Plan – Stage 2

What would be needed

- US EITI to work with USGS to optimize data availability for US EITI purposes
- Inclusion of USGS on the MSG
- Expansion of the MSG as needed to include relevant industry and civil society actors

Goal

- Work toward inclusion in 2018 on the same basis as the metal commodities

Proposed Plan – Stage 2a

Inclusion of forestry

- Forestry strictly speaking is the growing and care of forests
- At EITI we care about the cutting of timber
 - For use in products
 - For energy
 - Governmental revenues from timber

Proposed Plan – Stage 2a

Overview

- 766 million acres of forest according to USFS
- 521 million acres of timber

Western states

- 45% of forest land
- Federal ownership predominant

Rest of US

- 80% privately owned
- Majority of public ownership at the state or local level

USFS compiles US forest data

State agencies compile data on forests within the state

Proposed Plan – stage 2a

Federal revenues

- USFS - \$200 million in 2014
- BLM - \$ 9 million in Fourth Quarter 2015
- Other revenues from entry and use fees charged to the general public
- A large part of revenue goes to state and local jurisdictions
- Timber revenues from state and locally-owned land are handled at the state and local levels
- Federal, state, and local taxes also are important

Proposed Plan – Stage 2a

An entirely different universe of stakeholders

- Companies and trade associations
- Government agencies
- NGO's
 - Environmental organizations
 - Forest certification groups

Additional representation on all three sectors of the MSG will be essential

Proposed Plan – Stage 2a

Trees are a renewable resource

- Replanting is common in the United States
- Criteria for renewability in practice
- Costs of forest management
 - Road building
 - Forest fire prevention and fire fighting
 - Replanting

Expect many lively debates

Proposed Plan – Stage 3

Consideration of hydroelectric power

- Until this year the leading renewable resource
- Very substantial footprint and impact
- Complex ownership and distribution picture
 - Bureau of Reclamation
 - US Army Corps of Engineers
 - Tennessee Valley Authority
 - Int'l. Boundary & Water Commission
 - Four federal power administrations
 - Federal Energy Regulatory Commission
 - State & local jurisdictions
 - Private owners

Proposed Plan – Stage 3

Revenues

- Most federal revenues appear to be from electric ratepayers
- Is there federal revenue from non-federal dams on federally-controlled waterways?
- No apparent direct federal revenue from non-federal dams on non-federal waterways
- Private owners of course pay taxes

Proposed Plan – Stage 3

Need clarity on regulation and revenues

- Is federal revenue a significant part of hydropower impact?
- Role of regulators in prices and revenues

Additional research needed by secretariat and IA

Once research is complete, recommendation on whether or not MSG should include hydropower by 2019

Proposed Plan – Additional Considerations

Adding additional metals does not change how we work

Adding industrial minerals and forestry will require changes

- Added representation on the MSG
- Likely need for additional resources
- Possible need for changes in government data collection
- This also would be the case if we included hydropower